



BUILDING PERFORMANCE IMPROVEMENT BOARD MEETING NOTES

January 18, 11 am to 1 pm

In attendance:

Name	In-Person	Virtual	Role
Emily Curley	X		DEP staff liaison
Stan Edwards	X	X	DEP staff support
Cuiyin Wu		X	DEP staff support
Rhett Tatum	X		Member
Daniel Cleverdon	X		Member
Amanda MacVey			Member
Andrew Rivas	X		Member
Lawrence Carroll	X		Member
Sheena Oliver		X	Member
Jill Goodrich		X	Member
Luke Lanciano		X	Member
Adam Landsman		X	Member
Mike Dieterich	X		Member
Julie Wolfington	X		Member
Josh McClelland		X	Member, Deputy Chair
Edward Musz			Member
Kevin Walton	X		Member, Chair
Gregory Goldstein		X	Member
Lindsey Shaw	X		Ex officio member (DEP)
Bryan Bomer		X	Ex officio member (DPS)
Dan McHugh	(has retired as of 11/30)		Ex officio member (DHCA)
Michael Yambrach		X	Ex officio member (DGS)
Henry Jordan		X	Member of the public

Administrative items

Quorum present; meeting notes from 1/4 meeting approved.

Recap any actions from previous meeting

Members asked about examples of incentive programs in other jurisdictions, particularly those that focus on preserving housing affordability with investments in building efficiency. DEP presented several slides that highlight programs in other jurisdictions that focus on electrification pilots, preserving housing affordability, and spurring early compliance.

Site EUI Target setting discussion

- **Discussion goals / outcomes**

The Board revisited the overall regulation development timeline.

The Board chair presented options to the board for providing input to DEP, including collecting written feedback on each of the target options and the pros and cons of each, and potentially moving to a vote on the recommended methodology following review of the feedback.

A few members proposed adopting different site EUI target methodology for different building groups, for instance, ZNC for offices, but EE for multifamily. The Board Chair directed these members to include such feedback, and a rationale for that position, with the written comments.

Action item: Members to provide written feedback by 1/27, in advance of the next board meeting on 2/1.

- **Revisit EE and EE-ZNC Mid-Point Targets**

DEP went through a number of slides to revisit the technical and economic feasibility for the EE targets and the EE-ZNC mid-point target to help better inform the Board's feedback on each of the target options.

The Chair also presented information about the EE-ZNC Mid-Point to demonstrate how it is aligned with potential state requirements, as the Board had agreed was important. The Chair further presented on the other jurisdictions with site EUI targets, comparing their site EUI goals and percent reduction needed for the median building to contextualize the three proposed County target options.

Action item: A member asked to see the site EUI targets in place in other jurisdictions with site EUI target to compare back with the three proposed County target options.

One member noted that living in a condo or apartment is more sustainable than single family house, so it is unreasonable for them to be punished hardest.

One board member noted that the technical report shows the various targets with or without decarbonization of the electrical grid, with 86% GHG reductions with EE and decarbonized grid by 2035, which seems to show alignment with state goals, though this metric looks at overall emissions, not just direct emissions.

One board member commented that the percentage of buildings needing to reduce site EUI to reach target is helpful when determining which target should apply to which building groups.

One member noted that penalties are important to demonstrate a better payback for efficiency projects, where one does not exist. He compared BEPS to stormwater management regulations that

made projects more attractive to building owners, despite not having any payback, since they would instead be faced with large penalties. This made the projects “pay back” in only a few years from the avoided penalties.

Another member noted that energy upgrades do not seem to be a priority for many building owners as there is typically a fixed annual utility budget available. Unless there is some sort of compelling event, e.g., equipment fails or large enough penalties are announced, some owners will not prioritize building efficiency. This member reminded the board not to lose site of the fact that many energy projects have a payback from reduced utility costs. This was echoed by other members who mentioned that the funders of the nonprofit building or affordable housing have other priorities that they must use their money for.

Other members countered that some building owners cannot pay a fine *or* pay for upgrades in their buildings, and that lower-income/less-resourced buildings would be hit the hardest. Additionally, with the goal of reducing GHGs and making buildings more sustainable, penalties are politically helpful, but can be counter to the goal of driving investments in buildings. It was suggested penalty be directed back to the building to help with the improvements, rather than serving as County revenue.

Finally, a member noted that the barrier to complying is usually not technical or financial, but the fact that building operators, especially those with smaller buildings and smaller portfolios, do not have the time and capacity to manage these projects, so that financial and technical assistance is paramount. This sentiment was echoed by another member whose buildings are led by barebones teams. On the other hand, many offices and REIT buildings have dedicated staff to focus on energy and sustainability as taxes and utilities often make up their largest budget items, with utilities being the one they can control to some extent.

- **Under-Resourced Buildings (slides: 5 minutes, discussion: 15 minutes)**

On the topic of Under-Resourced Buildings, the law notes that “The Department may establish additional criteria recommended by the Building Performance Improvement Board for qualified affordable housing, non-profit buildings, and other buildings as appropriate to modify compliance with interim or final performance standards by regulation.”

DEP clarified that in the law, the definition of affordable housing includes regulated and naturally occurring affordable housing: “Affordable housing means a multi-family building that includes at least 50% of dwelling units whose sale or rental price do not exceed that of a moderately-priced dwelling unit under Chapter 25A.”

DEP shared approaches for under-resourced buildings in other jurisdictions, which tend to provide more time, additional support, or compliance paths that guarantee compliance.

Members considered if there are other building types that should be considered under-resourced buildings and what kind of modifications should be provided to them.

One member brought up DC’s Affordable Housing Retrofit Accelerator which provides subsidized audits that focus on identifying reductions that would position the buildings to comply with BEPS. Buildings in the program are they considered compliant with the first cycle while they work to implement identified measures.

One member cautioned against having criteria that is too restrictive to allow buildings to qualify as “under resourced.”

One member brought up condo buildings and noted that the affordable housing definition cannot apply to condo buildings, since they are owned and not rented, and may have been purchased years ago. As such, the sale price would be difficult to glean and compare against the MPDU criteria. The member suggested that there needs to be some special consideration for condos, especially those that are individually metered and have unitized HVAC equipment.

One member noted that regulated affordable housing properties are locked into financing cycles that makes them unable to take on new debt or outlay significant funds. This member suggested that a blanket extension (like 2 or 3 years) does not necessarily help these buildings. Rather, it was suggested that these buildings’ requirements be tied to their specific refinancing cycle, either via a BPIP or in regulation.

Action: Board members to include comments on definition of and policy options for Under Resourced Buildings when providing written comments on the targets by Jan 27th.

- **Incentives Brainstorm (slides: 5 minutes, discussion: 20 minutes)**

On incentives, DEP presented examples of incentive programs in other jurisdictions. Members reiterated support for several ideas:

- Incentives should not just apply to multifamily but also commercial buildings as well.
- Owners rep services that provide project management, help securing bids, technical support, and vendor coordination. This would be particularly helpful for buildings with smaller staff or that are not well resourced. It was noted that the Green Bank may be well positioned to offer such a service as a follow-on to the technical assistance they are now providing to help subsidize energy audits and assist with benchmarking. The next step would be to get pricing and coordinate vendors to implement the projects. It was also noted that the MD Clean Energy Center is considering a state level program to provide owners rep assistance.
- Significant incentives for affordable housing and MPDUs within market rate properties.
- Targeted electrification pilots for buildings that are hard to electrify such as those with central boilers or steam systems. This would provide the dual benefit of having local case studies available and could help grow expertise in the workforce on electrification as this remains a rather specialized skill among engineering professionals.

For additional information, please visit the Building Energy Performance Standards website at <https://www.montgomerycountymd.gov/green/energy/beps.html> or contact DEP at energy@montgomerycountymd.gov.